

SENATE BILL 232

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(PRE-FILED)

5lr0335
CF HB 175

By: **Chair, Finance Committee (By Request – Departmental – Human Services)**

Requested: October 3, 2024

Introduced and read first time: January 8, 2025

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Electronic Benefits Transfer Cards – Restoration and Receipt of Benefits and**
3 **Use at Automated Teller Machines**

4 FOR the purpose of requiring, subject to a certain provision of law, the Department of
5 Human Services to reimburse a beneficiary for any benefits lost due to the fraudulent
6 use of the beneficiary's Electronic Benefits Transfer card and restore the benefits
7 without further action from the household; requiring the Department to reimburse
8 a beneficiary on or before a certain date for any benefits lost due to the fraudulent
9 use of the beneficiary's Electronic Benefits Transfer card that occurred between
10 certain dates, and requiring the beneficiary to submit a claim to the Department by
11 a certain date to be eligible for reimbursement; requiring, on or before a certain date,
12 each operator of an automated teller machine to ensure that the machine has certain
13 functionality relating to Electronic Benefits Transfer cards; and generally relating
14 to electronic benefits.

15 BY repealing and reenacting, with amendments,
16 Article – Human Services
17 Section 5–609 and 5–610
18 Annotated Code of Maryland
19 (2019 Replacement Volume and 2024 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Financial Institutions
22 Section 1–401(d)
23 Annotated Code of Maryland
24 (2020 Replacement Volume and 2024 Supplement)

25 BY adding to
26 Article – Financial Institutions
27 Section 1–407

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2020 Replacement Volume and 2024 Supplement)

3 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
4 That the Laws of Maryland read as follows:

5 **Article – Human Services**

6 5–609.

7 (a) (1) In this section the following words have the meanings indicated.

8 (2) (i) “Personal identifying information” has the meaning stated in §
9 8–301 of the Criminal Law Article.

10 (ii) “Personal identifying information” includes an Electronic
11 Benefits Transfer card number or personal identification number.

12 (3) “Skimming practices” includes:

13 (i) use of a skimming device, including a scanner, skimmer, reader,
14 or other electronic device used to access, read, scan, obtain, memorize, or store, temporarily
15 or permanently, personal identifying information; or

16 (ii) adding malicious code illegally to a website to capture Electronic
17 Benefits Transfer card data or personal identifying information.

18 (4) “Theft” includes:

19 (i) physical theft of an Electronic Benefits Transfer card;

20 (ii) identity fraud, as defined in § 8–301 of the Criminal Law Article;
21 and

22 (iii) theft through skimming practices.

23 (5) “Two–way fraud alert” means the capability of the Department to
24 communicate with households, and of households to communicate with the Department,
25 through text messaging regarding potential fraudulent use or theft of an Electronic
26 Benefits Transfer card.

27 (b) (1) If an investigation by the Department shows a household’s correctly
28 issued benefits were lost due to theft, the Department [automatically] shall, **SUBJECT TO**
29 **THE REQUIREMENTS OF § 5–610 OF THIS SUBTITLE**, restore the benefits without
30 requiring further action from the household.

1 (2) As soon as practicable, but not later than 10 days after a household
2 informs the Department of the loss of benefits due to theft, the Department shall:

3 (i) notify the household in writing of the Department's decision as
4 to whether to restore benefits, the amount of benefits to be restored, and the right to and
5 method of requesting a hearing on the Department's decision in accordance with subsection
6 (c) of this section;

7 (ii) if the Department determines that the household receives
8 benefits, restore benefits to the household in the amount of benefits that was lost; and

9 (iii) provide the household with a new Electronic Benefits Transfer
10 card.

11 (3) The Department may not:

12 (i) require a household to provide a police report as a condition of
13 restoration of benefits; or

14 (ii) limit the number of months in which a household can receive
15 restoration of benefits lost due to theft.

16 (c) (1) If a household disputes the amount of benefits restored or the
17 Department's determination that no restoration is due, the household may request a
18 hearing with the Department within 90 days after the date of the Department's
19 determination.

20 (2) If a household requests a hearing under this subsection, the
21 Department shall restore the benefits for which the household claims entitlement while the
22 hearing is pending.

23 (3) If the hearing decision is unfavorable to the household, any benefits
24 improperly restored under paragraph (2) of this subsection may be recovered by the
25 Department by reducing the household's benefit at a rate that may not exceed the lesser of
26 \$10 or 5% of the household's monthly allotment of benefits.

27 (d) In the procurement process for electronic benefits distribution or
28 administration, the State or State-aided or State-controlled entity shall give preference to
29 a vendor that:

30 (1) holds a form of insurance that can be used to reimburse a beneficiary
31 for identity fraud or theft; and

32 (2) provides identity access protections to protect an eligible beneficiary
33 against identity fraud and theft, which may include multifactor authentication.

1 (e) The Department shall coordinate with vendors to take available precautions
2 to reduce the vulnerability of Electronic Benefits Transfer cards to theft by utilizing
3 enhanced technology.

4 **(F) SUBJECT TO THE LIMITATIONS OF THE STATE BUDGET AND**
5 **SUBSECTION (B) OF THIS SECTION, THE DEPARTMENT SHALL RESTORE BENEFITS**
6 **TO A HOUSEHOLD AS PROVIDED FOR BY AN APPROPRIATION FOR THE PURPOSES OF**
7 **ELECTRONIC BENEFIT THEFT RESTORATION.**

8 **[(f)] (G)** On or before December 1 each year, the Department, in consultation
9 with local law enforcement agencies in the State, shall report to the General Assembly, in
10 accordance with § 2-1257 of the State Government Article, on:

11 (1) the accessibility and security of Electronic Benefits Transfer cards;

12 (2) actions taken to reduce the fraudulent use of Electronic Benefits
13 Transfer cards;

14 (3) the number of Electronic Benefits Transfer cards reissued due to fraud
15 in the immediately preceding year;

16 (4) the number of households reporting theft of benefits, by jurisdiction and
17 program;

18 (5) the number of households eligible for expedited Supplemental
19 Nutrition Assistance Program benefits that reported loss of benefits due to theft, by
20 jurisdiction and program;

21 (6) the total dollar amount of benefits reported lost due to theft, by
22 jurisdiction and program;

23 (7) the number of determinations of theft made by the Department, by
24 jurisdiction;

25 (8) the number of determinations made by the Department that theft did
26 not occur, by jurisdiction;

27 (9) the number of households reimbursed for benefits lost due to theft and
28 the total dollar amount of benefits restored, by jurisdiction and program;

29 (10) the average and maximum length of time, in days, between the report
30 of theft and the restoration of benefits, by jurisdiction;

31 (11) the number of hearings requested and the number of households that
32 received a restoration of benefits as an outcome of a hearing, by jurisdiction; and

1 (12) demographic data on households that experienced theft, including race,
2 gender, number of households with children under the age of 18 years, and number of
3 households with a member at least 60 years old.

4 5–610.

5 (a) The Department [may] **SHALL**:

6 (1) restore benefits to any household that lost benefits due to theft that
7 occurred between January 1, 2021, and [October 1, 2022] **JULY 1, 2025**, both inclusive,
8 provided that the Department confirms the household lost benefits due to theft during that
9 time period; and

10 (2) support innovative practices required to support beneficiaries during
11 the time period between the reporting of the loss of benefits due to theft and the restoration
12 of benefits.

13 (b) On or before [September 1, 2023] **SEPTEMBER 30, 2026**, the Department
14 shall issue benefits to households eligible to receive funds under subsection (a) of this
15 section.

16 **(C) ANY CLAIM FOR THE RESTORATION OF LOST BENEFITS DUE TO THEFT**
17 **THAT OCCURRED BETWEEN JANUARY 1, 2021, AND JULY 1, 2025, BOTH INCLUSIVE,**
18 **SHALL BE SUBMITTED TO THE DEPARTMENT ON OR BEFORE JUNE 30, 2026.**

19 **(D) ANY RESTORATION OF LOST BENEFITS DUE TO THEFT IN THIS SECTION**
20 **IS SUBJECT TO THE LIMITATIONS OF THE STATE BUDGET.**

21 Article – Financial Institutions

22 1–401.

23 (d) (1) “Automated teller machine” means any electronic information
24 processing device located in this State which [accepts]:

25 **(I) ACCEPTS** or dispenses cash in connection with a credit, deposit,
26 or convenience account; **AND**

27 **(II) PROCESSES AND DISPENSES CASH FROM AN ELECTRONIC**
28 **BENEFITS TRANSFER CARD.**

29 (2) “Automated teller machine” does not include devices used:

30 (i) Solely to facilitate check guarantees or check authorizations;

1 (ii) In connection with the acceptance or dispensing of cash on a
2 person-to-person basis, including by a store cashier; or

3 (iii) For the payment of goods or services.

4 **1-407.**

5 **ON OR BEFORE JANUARY 1, 2026, EACH OPERATOR OF AN AUTOMATED**
6 **TELLER MACHINE SHALL ENSURE THAT THE MACHINE HAS THE FUNCTIONALITY TO**
7 **PROCESS AND DISPENSE CASH FROM AN ELECTRONIC BENEFITS TRANSFER CARD.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
9 1, 2025.